# GOVERNMENT OF INDIA
# FINANCE
# LOK SABHA

UNSTARRED QUESTION NO:5308
ANSWERED ON:29.04.2005
DRAFT VISION DOCUMENTS FOR COOPERATIVE BANKS
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**Will the Minister of FINANCE be pleased to state:**

(a) whether a draft vision document proposed by the RBI has suggested State level strategies for urban cooperative banks;

(b) if so, the details thereof;

(c) whether urban cooperative banks are mostly indulged in malpractices resulting faith of consumers being eroded; and

(d) if so. the strategies to be formulated by the Government to keep urban cooperative banks out of any malpractices?

## Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM):

(a) and (b) A draft Vision Document on Urban Cooperative Banks was placed RBI web-site on March 4, 2005 to obtain feed back from the public on the proposals contained therein, viz. 2 tiered regulation and supervision for Urban Cooperative Banks (UCBs), Memorandum of Understanding (MoU) to be signed with State Governments, Role of Task Force for Cooperative Urban Banks (TAFCUBs), Corporate Governance etc. in order to facilitate UCBs to emerge as a sound and healthy network of jointly owned, democratically controlled, and ethically managed banking institutions providing need based quality banking services, essentially to the middle and lower middle classes and marginalized sections of the society.

(c) Not all UCBs have indulged in malpractices. However, some major frauds/malpractices have come to the notice of RBI.

(d) Detailed guidelines/instructions have been issued by RBI to UCBs with a view to curb occurrence of frauds. Steps have also been taken by RBI to improve the functioning of Boards, Audit, Inspection in UCBs e.g. establishment of separate cell to monitor fraud. prescribing system of classification and reporting of frauds, prescribing concurrent audit and investment audit for UCBs etc.